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VIEWS OF SENATOR GRASSLEY

ON THE

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COMMITTEE ON THE BUDGET
UNITED STATES SENATE

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LETTER OF TRANSMITTAL

To the Members of the Committee:

A business meeting of the Committee was held on Wednesday, September 29, 1982, at which the Committee considered S. Res. 480, waiving Section 402(a) of the Congressional Budget and Impoundment Control Act of 1974 in regard to the consideration of H.R. 5427, the Radio Broadcasting to Cuba Act. By unanimous voice vote, the Committee agreed to report the resolution without recommendation. By rollcall vote, the Committee agreed to report the resolution without a written report, but with permission for Senator Grassley to submit his views on the resolution to the Committee before 12 noon on Thursday, September 30, 1982, to be printed as a Committee Print.

The following constitutes the views of Mr. Grassley.

Pete V. Domenici,
Chairman.

VIEWS OF SENATOR GRASSLEY

I first want to express my deep appreciation for the cooperation and assistance afforded me by the Chairman and other members of the Senate Budget Committee in my request for a meeting to discuss the budget implications of S. Res. 480 that would waive Section 402 of the Budget Act in order to consider H.R. 5427, the Radio Broadcasting to Cuba Act. I realize that this meeting was extremely difficult to arrange in light of the heavy legislative agenda we face before recess, but it was important that each member of the Budget Committee fully understand the problems related to H.R. 5427.

My major concerns with granting this budget waiver at this time are that we would be approving a waiver for untold millions of dollars and, thus, jeopardizing the integrity of the Budget Committee's process. Section 6 of H.R. 5427 authorizes the Federal Communications Commission to instruct the Board for International Broadcasting to compensate U.S. radio and television broadcasters for "expenses that they incur in mitigating the effects of activities by the Government of Cuba which interfere with the transmissions of reception of the broadcasts of those licensees." The problem is that we have no reliable estimate of what this might cost.

I have absolutely no objection to compensating our broadcasters for the damage that might result if we get into a "radio war" with Cuba. Moreover, the U.S. Government should bear the responsibility for its foreign policy initiatives, and not unduly jeopardize the private interests of our country. Compensation, however, must serve only as a partial remedy, and not a solution. The U.S. Government should be willing to take other actions to minimize and prevent Cuban interference.

It seems to me, however, with the upcoming recess, and the additional days left for our consideration of S. Res. 480, we had ample time to allow the Foreign Relations Committee and/or the Appropriations Committee to provide us with a clearer idea of how much this legislation will cost the Government. This would have been a far more prudent course for the Committee to take. In no way would this action have jeopardized the passage of H.R. 5427; plenty of time would be available upon return from recess.

At this point, about the only estimates that we have for the cost of this legislation is that actual appropriation request for the administrative, programing, and facility costs for fiscal year 1983, and an estimate by the Congressional Budget Office of over $40 million for compensation. The CBO used the National Association of Broadcasters' estimate that over 200 AM radio stations in 32 States are threatened by Cuban interference and multiplied the number of stations by $100,000 to $200,000. Unfortunately, this cost estimate covered only the costs of adjusting the facilities of our broadcasters in order to minimize inter-

ference. It ignores completely the costs incurred for lost advertising revenues, an expense that this legislation could well cover.

I do not have estimates of lost advertising revenues from all stations, but I do have them for WHO Radio in Des Moines, Iowa. It has been calculated that this one radio station alone could suffer $1,150,000 to $1,350,000 in net losses. Although it might be difficult to claim that every American broadcaster would suffer these kinds of losses, it is easy to see that the Government could be paying out hundreds of millions of dollars per year. It was even suggested during Senate Foreign Relations markup of H.R. 5427 that we might be talking about lost revenues into billions of dollars.

In light of the above, it is extremely difficult for me to agree with the wisdom of rushing this waiver through. As the Budget Committee staff pointed out in its memo on S. Res. 480, "establishment of new Federal programs, such as Radio Marti, is inconsistent with an overall 'freeze' in discretionary appropriations unless compensating reductions are made in other programs under the jurisdiction of the Appropriations Committee." Although the staff found that there is sufficient room remaining in the Senate Appropriation Subcommittee on Commerce, Justice, State, and the Judiciary section 302 allocation to cover the $7.5 million of H.R. 5427, no suggestion is made where the tradeoff might be made to cover the additional millions of dollars that might be involved.

No real justification was given me as to why we needed to rush this waiver so quickly through Committee, particularly in light of the ample time we had to resolve this matter before adjournment. I think we made a grave error, one that may very well come back to haunt the Committee. But I feel that I have upheld my responsibility in alerting the Committee members to the problem and sincerely hope that my concerns about these potentially huge costs do not materialize.

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